BRITISH COLUMBIA
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BCStats

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Exports ◆ May 2010

- The value of British Columbia origin exports jumped 7.9% in January to May of 2010 compared to the same period a year earlier. Strong growth in shipments to the Pacific Rim (+17.8%) helped drive the overall increase. In particular, double-digit growth in exports to Mainland China (+35.6%), South Korea (+12.1%) and Australia (+26.2%) led the way. After slumping severely in 2009, shipments to India have rebounded, soaring 493.1% year-to-date.

- The most significant increase in exports was of metallic mineral products (+57.7%). Shipments of copper almost doubled over the first five months of 2010 (+93.6%), while molybdenum ores and concentrates (+36.2%), unwrought aluminum (+8.0%), unwrought zinc (+73.8%) and other metallic mineral products (+33.0%) all experienced robust growth.

- The forest sector also contributed to the overall increase with a 23.4% rise in shipments of solid wood products and a 4.5% increase in exports of pulp and paper. A 29.6% jump in shipments of softwood lumber helped offset declines in exports of cedar shakes and shingles (-11.2%), softwood plywood and veneer (-14.9%) and selected value added products (-9.1%). Exports of logs (+56.7%), other panel products (+16.4%) and miscellaneous other solid wood products (+25.5%) also saw strong growth in the first quarter. For pulp and paper, a 29.1% rise in shipments of pulp drove the entire increase as paper exports fell 28.5%. Some of the increase in pulp is the result of the February 27th earthquake in Chile, which caused significant damage to that country's forest industry and has resulted in a global shortage of pulp, which has driven prices higher.

- A 53.9% rise in volume of coal exports has helped push the value of shipments of that good into positive growth territory (+0.6%), despite substantial year-over-year price declines. However, prices are on the rise, which could signal stronger year-over-year growth in the months ahead.

- Several other major commodity groups continue to experience weakness in exports. Shipments of machinery and equipment fell 6.9%, exports of chemicals and chemical products slumped 10.8% and shipments of agriculture and food (-3.4%) and fish products (-8.1%) also dropped.

Global shortages caused by the Chilean earthquake have pushed up prices for pulp, which have resulted in increased shipments from BC

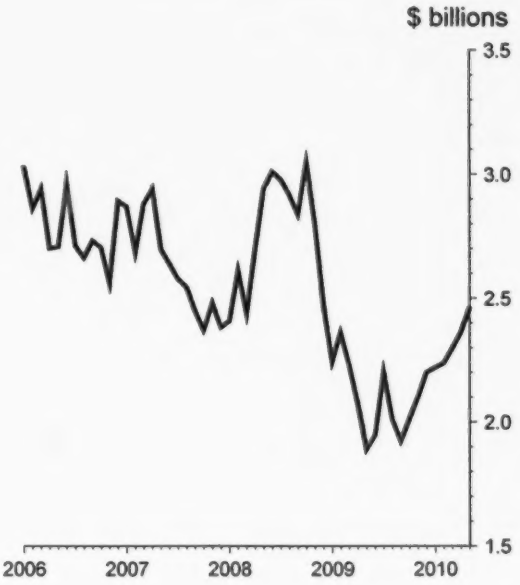
SEASONALLY ADJUSTED EXPORTS

Seasonal adjustment supplies a means of making month-to-month comparisons by removing the regular periodic seasonal fluctuations that occur. Variations from normal seasonal patterns are revealed in the seasonally adjusted data series.

- BC's exports increased for the eighth consecutive month in May, rising 4.0%. Industrial and consumer goods led the way with an 8.7% jump in shipments, but there was also strong growth across most other goods, with the exception of agricultural and fish products (-1.9%).

- Exports increased both to the United States (+2.6%) and all other destinations (+5.3%). The growth in shipments to the US was driven mainly by increased exports of industrial and consumer goods (+7.5%) and machinery, equipment and automobiles (+6.5%).

Exports (adjusted for seasonality) continued to climb in May



BC Exports, Seasonally Adjusted ($Millions)

Month	Agriculture & Fish	Energy	Forest Products	Machinery& Equip, Auto	Industrial, Consumer	Total	Exports to USA
May 2008	188	836	844	319	755	2,941	1,420
Jun	186	997	789	328	710	3,009	1,542
Jul	181	1,070	805	324	599	2,978	1,625
Aug	201	857	758	344	757	2,917	1,427
Sep	209	870	805	329	625	2,838	1,395
Oct	221	1,005	840	349	630	3,045	1,565
Nov	210	911	744	343	588	2,797	1,426
Dec	206	779	696	323	468	2,473	1,294
Jan 2009	211	612	642	303	476	2,244	1,232
Feb	209	745	625	288	494	2,361	1,223
Mar	199	613	604	273	541	2,229	1,105
Apr	194	560	608	270	444	2,076	1,063
May	194	480	559	268	389	1,890	1,052
Jun	194	507	561	254	431	1,947	1,007
Jul	205	682	583	270	461	2,200	1,041
Aug	178	529	575	249	478	2,009	1,001
Sep	171	494	575	227	455	1,923	998
Oct	185	477	582	247	522	2,013	1,032
Nov	177	535	600	248	542	2,102	1,072
Dec	177	595	616	262	550	2,199	1,086
Jan 2010	176	625	646	259	513	2,219	1,119
Feb	191	572	680	246	549	2,237	1,085
Mar	189	586	682	254	586	2,297	1,133
Apr	185	648	718	256	556	2,363	1,112
May	182	671	737	263	604	2,457	1,141

Canada Okays Controversial Trade Deal with Colombia

The path has been cleared for a free trade deal between Canada and Colombia to proceed with the enabling legislation having now passed through both the House of Commons and the Senate. The deal is part of Canada's effort to focus more attention on trade with the Americas, particularly in light of the fact that the United States has aggressively pursued bilateral trade deals with a number of countries, which could affect Canada's competitiveness with regard to trade with these nations.

The deal is not without its share of controversy as a number of trade unions, church groups and organizations such as Amnesty International have expressed objections to any deal with Colombia, given the human rights violations that have occurred in that country for many years. Colombia has been embroiled in an armed conflict for over 45 years, which has cost the lives of tens of thousands of Colombians. According to a recent Amnesty International (AI) report, there is a real threat to the survival of Indigenous Peoples in Colombia.[1] AI suggests that guerrilla groups, state security forces and paramilitaries have all contributed to human rights abuses against Indigenous Peoples, including offences such as killings, kidnappings and sexual assaults.

Given this background, pressure has been placed on the Canadian government to back away from a deal with Colombia, but the federal government maintains that the best way to ensure these human rights violations stop is to deepen the economic and political ties with that country. The free trade deal contains an amendment negotiated by Liberal trade critic Scott Brison that requires both governments to provide annual reports that assess the impact that the agreement has had on human rights, but this clause has been criticized by rights groups as being toothless.

For example, Stuart Trew, of the Council of Canadians suggests, "The only thing rarer than the meat in this flimsy agreement is any real protection for human rights and workers in Colombia."[2]

However, the federal government has been confident that this deal will help Colombia make progress in eradicating the human rights abuses prevalent in that country since long before the amendment was added to the deal. Labour Minister Jean-Pierre Blackburn spoke of the potential for progress on worker's rights issues shortly after the agreement was made back in June 2008, saying, "This agreement, like the one that was signed by our government in Peru last week, contains some of the most comprehensive labour provisions to be found in any agreement anywhere in the world."[3]

The federal government insists that the deal will result in a more stable and predictable en-

[1] Amnesty International (Feb. 2010). "The Struggle for Survival and Dignity: Human Rights Abuses Against Indigenous Peoples in Columbia."

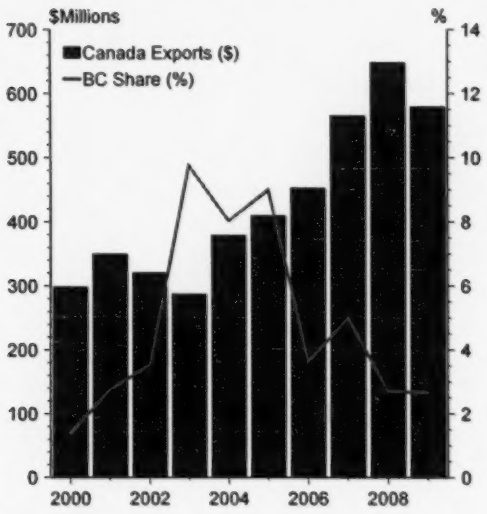
[2] Dylan Penner, Media Officer, Council of Canadians (June 2, 2010). "Human rights protections are rare in Brison's steak-dinner amendment to Canada-Colombia free trade agreement."

[3] CBC News (June 7, 2008). "Canada, Colombia reach free-trade agreement." http://www.cbc.ca/canada/story/2008/06/07/canada-fta.html

vironment for investors and will provide benefits for Canadian companies.

Over the last decade, Canada's trade and investment with Colombia has been growing, but is still relatively small. As an export destination for Canadian goods, Colombia ranked 31st in 2009, with approximately $602 million worth of Canadian merchandise shipped there. Canada imported $733 million worth of goods from Colombia in 2009, ranking that country 44th as a source of imports into Canada.

Although Canadian commodity exports to Colombia have doubled over the last decade, they still remain small

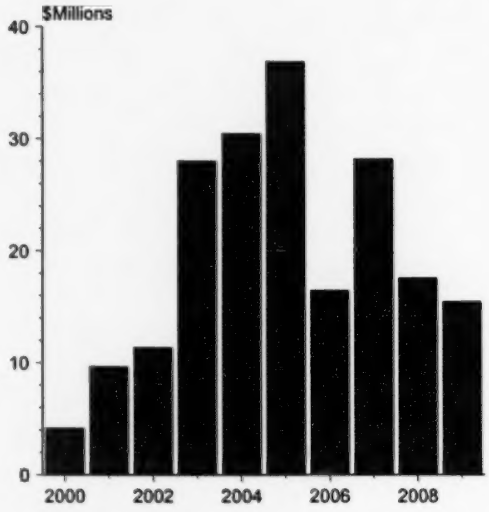


Source: Statistics Canada

There has been very little trade in services between the two countries. In 2007 (the last year for which data are available), two-way trade in services amounted to about $115 million, with most of that comprised of Canadian exports ($80 million).

For British Columbia, Colombia is even less significant as a destination for exports, ranking 43rd in 2009 with just over $15 million worth of goods shipped from BC to Colombia.

BC exports relatively few goods to Colombia



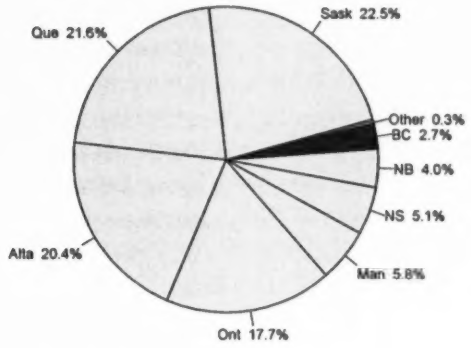
Source: Statistics Canada

In 2009, machinery and equipment, particularly pumps, were the top exports from BC to Colombia. For Canada overall, agricultural products, such as wheat, lentils and barley were the top exports to Colombia. In addition, newsprint and dump trucks were also significant exports. The top imports into Canada from that country were coal, bananas, crude petroleum, coffee and cut flowers.

Less than 3% of Canadian exports to Colombia in 2009 originated in British Columbia. The sectors thought most likely to stand to benefit from the free trade agreement are goods such as wheat, barley, lentils peas, pork and beef, but British Columbia is not a major producer of most of these. Newsprint is a significant export to Colombia, but most of it is shipped from Nova Scotia and Quebec, and at any rate, newsprint is already tariff-free, so the sector is

not likely to experience many benefits from the agreement. It appears that this agreement may not have much to offer for British Columbia exporters.

Only a small portion of Canadian exports to Colombia originates in British Columbia



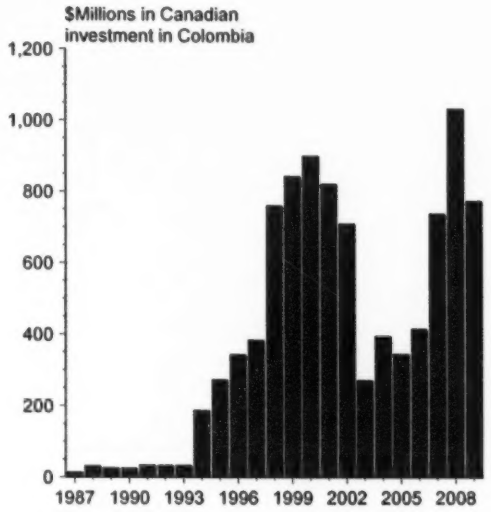
Source: Statistics Canada

In addition, as cut flowers are a significant import from Colombia and one of the few that have tariffs, the agreement could create a challenge for cut flower producers as those duties are removed. According to Foreign Affairs and International Trade Canada, BC is a significant producer of cut flowers, responsible for 23% of total Canadian production in 2004, so this British Columbia industry, at least, may be impacted negatively as a result of the free trade deal.[4]

However, while there may be few benefits for British Columbia exporters, there are more likely to be positive outcomes for investors. In particular, Canadian investment in Colombia's mining and oil sectors is expected to increase as a result of the agreement.

Canadian direct foreign investment (FDI) in Colombia has experienced strong growth in the last 15 years. In 2009, Canadian FDI in Colombia totalled $773 million, down from over one billion dollars in 2008. The drop was likely a reflection of the global economic downturn.

Canadian investment in Colombia has grown significantly in the last 15 years



Source: Statistics Canada

In addition to mining and oil exploration, printing and education are other industries in which Canadian FDI in Colombia is significant.

Colombia is the second country in the Andean Community to sign a free deal with Canada, following in the footsteps of Peru. It is also possible that deals with Bolivia and Ecuador will materialize sometime in the future, further enhancing Canada's trade relationship with South America. Time will tell whether or not this particular free trade deal will spur improvements in human rights conditions in Colombia and provide economic benefits to both Canada and Colombia.

[4] Foreign Affairs and International Trade Canada (June 2007). "Economic Analysis of Prospective Free Trade Agreement(s) Between Canada and the Countries of the Andean Community."

Recent Feature Articles in Exports Release
Listed by Statistical Reference Date of Issue

10-05 *Canada Okays Controversial Trade Deal with Colombia*
(released July 2010)

10-04 *Canada Has Shown No Rush to Trade with Russia*
(released June 2010)

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(released May 2010)

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NOTES

Countries Included Within World Regions:

(1) Western Europe: United Kingdom, Ireland, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland.

(2) Eastern Europe: other Europe, including all of Russia, Georgia, Kazakhstan, Kyrgyzstan, Moldova, etc.

(3) South East Asia: Malaysia, Brunei Darussalam, Singapore, Myanmar, Kampuchea, Laos, Indonesia, Philippines, Thailand, Vietnam.

(4) Africa: continental Africa, excluding Ethiopia, Libya, Somalia, Sudan, Egypt.

(5) South America: continental South America from Colombia and Venezuela south to Chile and Argentina, including offshore islands, but not Caribbean.

(6) Central America and Caribbean: from Guatemala and Belize to Panama, plus Caribbean Islands.

(7) Pacific Rim (including Japan): Japan, Hong Kong, Malaysia, Brunei Darussalam, Singapore, Laos, Mongolia, China, Indonesia, North Korea, South Korea, Philippines, Macau, Taiwan, Thailand, Vietnam, Australia, Fiji, New Zealand.

(8) Pacific Rim: as above, but excluding Japan.

(9) Middle East: from Turkey and Iran south through the Arabian Peninsula. Excluding Afghanistan and Pakistan, but including Cyprus, Ethiopia, Egypt, Somalia, Sudan and Libya.

The **European Union** is the membership as of January 1, 2007: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

'Selected Value-added Wood Products' category includes prefabricated houses, doors, windows, furniture, moulding, siding, etc. It does not include panel products, shakes, shingles or any pulp and paper products.

Revisions

Statistics Canada revises trade data for the previous three data years with release of the December data. The revision number is indicated in the footer of the tables (e.g., Rev 1 is the first annual revision, etc., and Prelim indicates it is the first release of data to December for that year). In addition to annual revisions, Statistics Canada revises the data for the previous data year every quarter (indicated in the footer by Rev Q1, etc) as well as with the release of the January and February data.

Service Offered for Detailed Trade Statistics

For BC government statistics users requiring more detailed information on exports or imports, a special report service is offered through the address below:

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This service is provided through the Trade Research and Inquiry Package (TRIP) computer reporting system. TRIP offers user-defined tabulations of export or import statistics for BC, Canada, the United States and other countries. Tabulations can include information on commodities, countries, US states, years, months, mode of transport, etc.